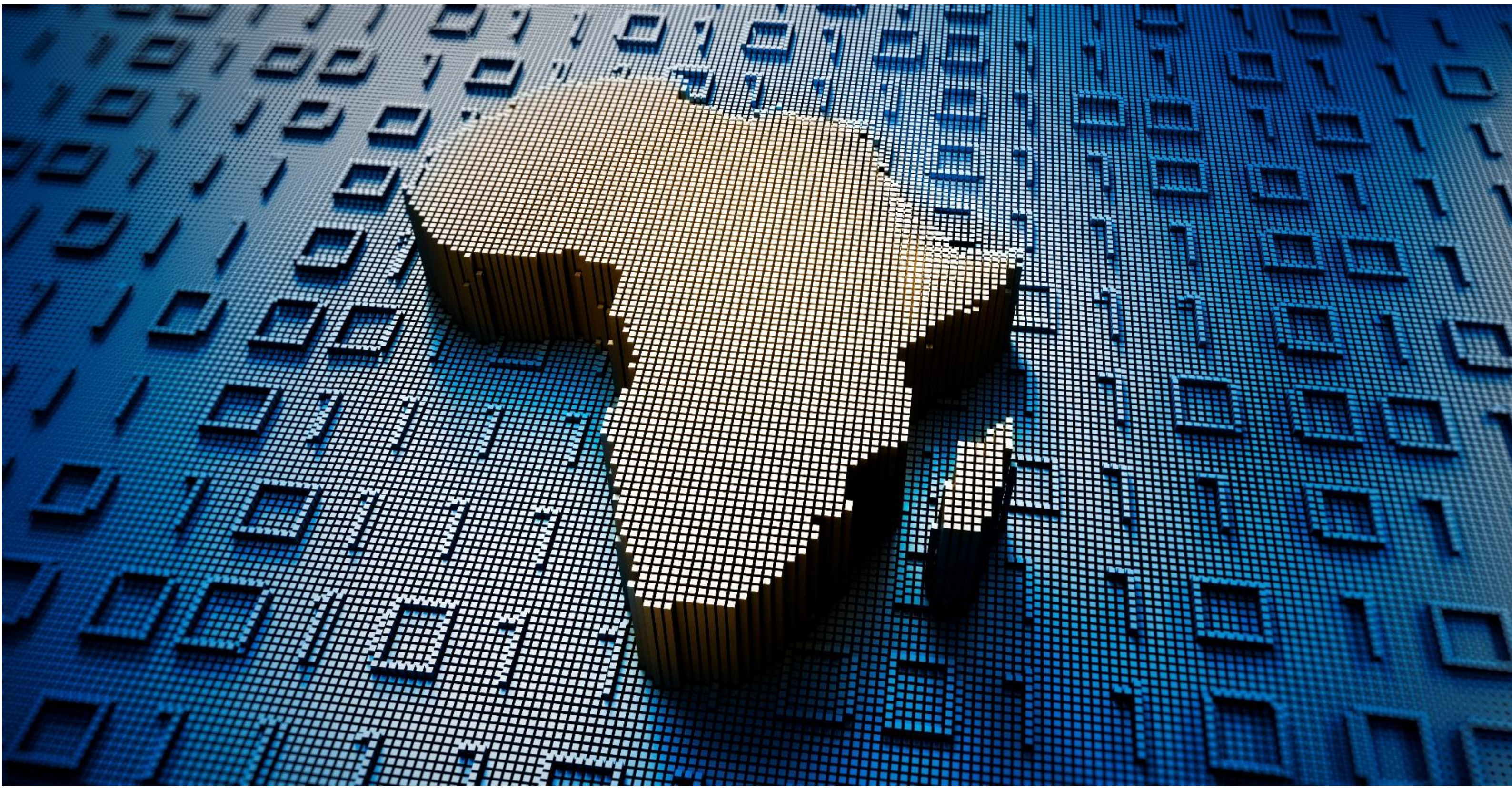
Mediterrania Capital Partners

DISCLOSURE STATEMENT

Operating Principles for Impact Management

31.10.2023

Contents



About Mediterrania Capital Partners

Founded in 2013, Mediterrania Capital Partners is a private equity investment firm focused on growth investments in SMEs and mid-cap companies in Africa.

With offices in Abidjan, Barcelona, Cairo, Casablanca, Mauritius and Malta, Mediterrania Capital Partners invest in consolidated and growing companies with a focus on value creation and sustainable development.

Through our investments, we support industries directly linked to improving people's quality of life, such as construction, food manufacturing and distribution, healthcare, education, and financial services.

Over the years we have built a solid portfolio of consolidated and growing companies, leaders in their respective sectors. Today, our partner companies employ more than 22,000 people in North and Sub-Saharan Africa.

Mediterrania Capital Partners' investment process provides the required structure to build a strong and diversified asset platform. From the identification of a project to its divestment, we follow a defined set of guidelines with one clear purpose: to invest wisely, seeking financial return for its investors and stakeholders while generating positive outcomes for communities and the environment.

For more information, please visit: https://www.mcapitalp.com/.

Disclosure Statement

Mediterrania Capital Partners (the "Signatory") hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles").

This Disclosure Statement serves to fulfil Mediterrania Capital Partners' obligations pursuant to Principle 9 of the Impact Principles.

This Disclosure Statement affirms that all Mediterrania Capital Partners investments, including their (i) policies and practices and (ii) impact management systems, have been managed consistently with the applicable Principles since October 2021.

This Disclosure Statement applies to the following assets (the "Covered Assets"): Mediterrania Capital (III) and Mediterrania Capital (IV).

The total assets under management pursuant to the Impact Principles amount to €500 million[1] as of 31st October 2023.

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN.

The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees, or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

Rajaa Berrkia
Partner and Director of Sustainable Development and Impact

[1] Corresponding to approximately USD 657 million based on an average USD/EUR ratio of 1.06 (October 31st, 2023).

PRINCIPLE 1 –

Define strategic impact objective(s), consistent with the investment strategy

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

Since its inception in 2013, Mediterrania Capital Partners believes that every investment contributes to short and long term positive and negative social and environmental effects. Our investment thesis covers a broader range of activities that address some of the world's most pressing challenges in sectors such as microfinance, affordable and accessible basic services including housing, healthcare, and education.

In 2020, we designed a Scorecard System that has become the backbone of our investment process. It measures a company's ESG performance based on verifiable reported data. It has been applied to existing and all new investments since June 2020.

In 2021, we undertook a review of our mission and investment strategy, bringing increased focus on gender diversity and climate change for a better tomorrow.

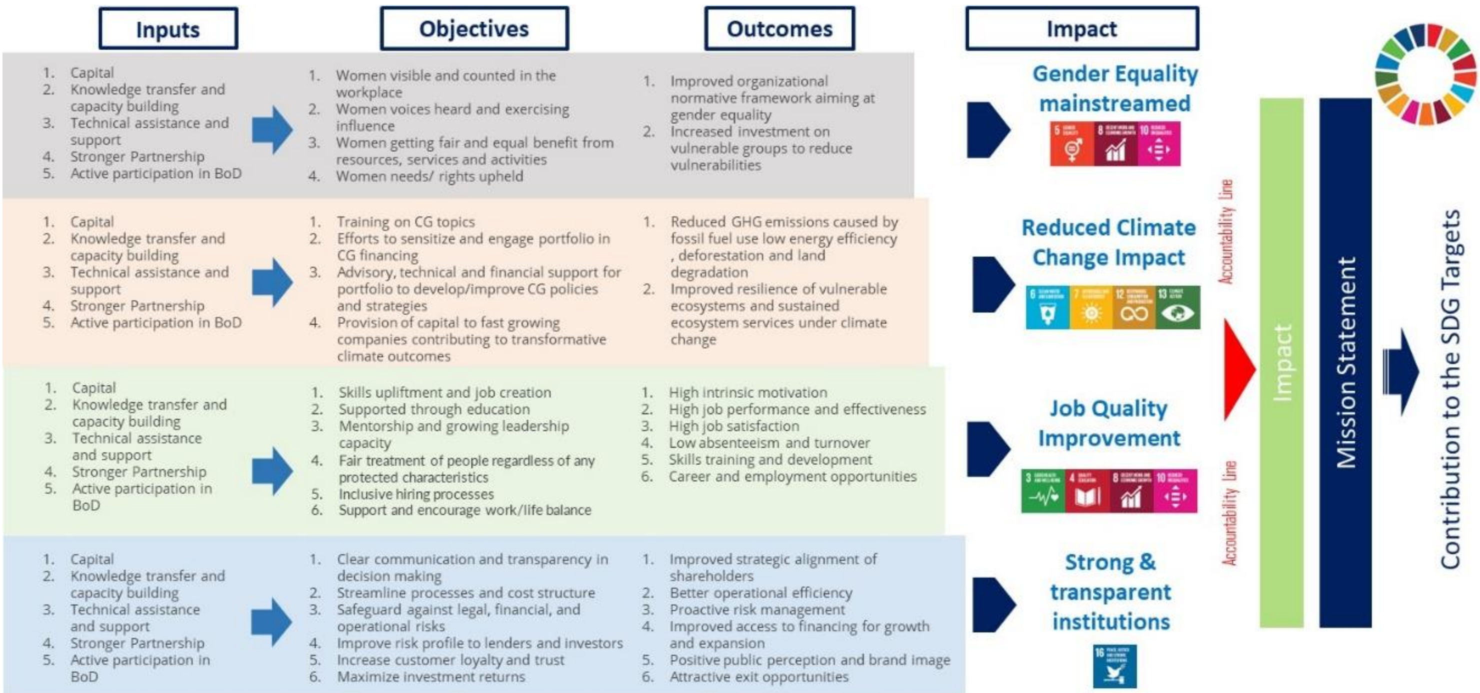
Our framework is aligned with the World Bank's twin goals, which are SDGs 1 and 10: 'No Poverty' and 'Reduced Inequality'.

At the strategic sector level, we promote investment projects that improve access to healthcare (SDG 3 – Good Health and Well-Being), education (SDG 4 - Quality Education), build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation (SDG 9 – Industry Innovation and Infrastructure) and encourage and promote effective public-private partnerships (SDG 17 – Partnerships for the Goals).

Across sectors and countries, we seek to reduce gender inequality in the workplace (SDG 5 - Gender Equality)5, promote clean energy (SDG 7 - Affordable and Clean Energy), full employment and decent work with equal pay (SDG 8- Decent Work and Economic Growth), ensure sustainable consumption and production patterns (SDG 12- Responsible Consumption and Production) and limit and adapt to climate change (SDG 13- Climate Action) .

Our framework is currently undergoing changes to align with our Theory of Change.

Theory of Change of MCP



Principle 2 –

Manage strategic impact on a portfolio basis

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

Mediterrania Capital Partners monitors its impact and ESG performance, both at the fund portfolio level as well as individual investments, as a key part of its ongoing portfolio management.

An impact scorecard was developed to make informed decisions about investments, identify areas of improvements and to track key impact achievements throughout the lifecycle of investments. The scorecard was designed across 11 main themes derived from the IFC Performance Standards.

Mediterrania Capital Partners' Scoring System

A baseline score is established pre-investment approval and is thereafter complemented and adjusted based on the findings of the ESDD.

It measures where an investee is acting best and worst. It also shows the best and worst investments within the portfolio to identify industry leaders and laggards according to their risk exposure and how well they manage those risks relative to other portfolio companies.

The scorecard ranks scores in both value and letter grades from D to A+. The scores range from “100”, indicating a very satisfactory system, to “0” indicating that there is no system in place. A higher rating is an indication of more robust data, equating to a more accountable and transparent company. Finally, the frequency of the periodic scoring varies depending on several factors, including the project category, industry, and specific objectives. It is undertaken either bi-annually or annually.

Through this rating system, Mediterrania Capital Partners can make better choices and support portfolio companies by emphasising ethical and sustainable measures in their structure.

All investment professionals are assessed against the core values of the company – one of which is Sustainability – as part of the annual review process. This means that Sustainability achievements are routinely acknowledged alongside traditional KPIs and that measurable impact targets are set in executive pay packages. The incentive structure is tied to annual bonuses.

Principle 3 –

Establish the Manager's contribution to the achievement of impact

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

By the time the investment is completed, a clear value creation plan and often dedicated value creation teams are already determined and well-defined over the investment horizon.

Our reinforced minority positions allow to actively participate in value creation while sharing ownership with the existing shareholders.

Mediterrania Capital Partners aspires to offer both financial and extra financial value to its investments. To do this, we establish ambitious value creation initiatives for each investment that goes beyond typical levers such as G&A cost-cutting, sales force effectiveness and strategic sourcing. These may include reorganisation, technological improvements, creating digital and automated business models, addressing ESG factors and hiring and retaining talent, all of which are systematically planned out in detail before any investment is made.

A comprehensive external E&S due diligence is conducted for all investments to inform the decision to proceed with the investment, influence the terms of the investment, and guide the post-investment management and improvement efforts. It is a crucial step in ensuring that the investment aligns with E&S requirements[2] and can generate long-term value while managing potential risks. It helps us uncover value by assessing how we can avoid value erosion and drive ESG performance to, firstly, preserve current value and, secondly, create value through strategic initiatives.

A 180-day strategic E&S roadmap is drawn for every investee to address and mitigate those high priority issues identified during the due diligence within the first 180 days. Often, some investees may face difficulties with its implementation since the plan may entail a change in their operations or even their business culture. In that sense, each investment director is responsible for working closely with the Sustainability team and the management of the investee to ensure that identified issues are minimised and opportunities for adding ESG value are fully implemented.

Furthermore, we assign ESG responsibility to a board member for each investment, which helps the investee manage and leverage ESG considerations effectively. It fosters

[2] E&S requirements: a) the Joint Exclusion List; (b) Applicable S&E Laws; and (c) any other requirements established by our S&E Management System criteria

accountability, aligns with stakeholder expectations, and positions the investee for long-term success in an evolving business environment.

MCP impact value creation model

Deal life cycle (3-5 years)

Deal origination	Due Diligence	Performance improvement	Before exit
Develop optimal target search criteria	Validate Investment Thesis	Capture quick wins and deploy value creation plans	Maximise investment returns before sale
Identify value	Validate value	Accelerate value	Optimise value
1. Identify growth companies through a proactive process 2. Identify unique investment opportunities aligning with global strategy 3. Understand opportunities "sweet spot" 4. Focus resources on viable targets 5. Confirm	1. Apply a fundamentals driven approach 2. Implement a thorough due diligence process 3. Reduce acquisition risks 4. Validate embedded value 5. Determine growth business plan	1. Implement growth business plan 2. Bring in expertise of highly experienced team 3. Challenge management teams to outperform using incentives and goal setting 4. Retain and incentivise top management talents 5. Redesign governance and organisation 6. Accelerate value and capture step change improvements and quick wins 7. Increase functional capabilities and implement processes 8. Accelerate and sustain EBITDA, cash and revenue	1. Implement a proactive process to identify growth companies 2. Identify unique investment opportunities aligning with global strategy 3. Understand opportunities "sweet spot" 4. Focus resources on viable targets 5. Confirm

Value acceleration drivers

ESG | Governance | Finance | Operations | Strategy | HR

Employees	Customers	Suppliers	Shareholders	Society	The planet
• Treat people with dignity and respect • Foster diversity and a culture of equity and inclusion • Create a safe work environment that supports employee well-being • Provide ongoing upskilling and reskilling • Identify and fill gaps in management • Attract talent through greater social credibility • Appoint CEO, CFO and QHSE Manager, if needed	• Provide a value proposition of products and service that meet customer needs • Accept and support fair competition • Improve pricing strategy • Maintain a reliable digital environment and ensure consumer protection principles • Support transparent communication of any adverse implications	• Partner to co-create value • Provide a fair chance to new entrants • Integrate respect for human rights into the entire supply chain • Collaborate with suppliers on decarbonisation measures • Identify new distribution channels and improve the distribution chain	• Provide a return on investment that accounts for risks and continuous innovation and sustained investments • Pursue sustainable shareholder returns that does not harm the present for the future • Strengthen corporate governance • Create board committees as needed (audit, remuneration, compliance, etc.) • Identify board members who are aligned with the E&S mission	• Support surrounding and affected communities • Guarantee transparent tax behaviour • Support technology and innovation to improve people's life	• Act as a steward of the environment for future generations • Protect global biodiversity • Champion the circular economy • Avoid investments that may not pay off because of longer-term environmental issues • Lower energy consumption • Reduce water intake

Each cross-sector impact theme mentioned above are measured to identify areas where an investment has or would have the greatest impact. This includes (1) a materiality assessment of assets to identify emission-intensive companies and any opportunities to reduce their carbon footprints, and (2) a Gender Equality Scorecard to ensure the investee can provide measurable impact, including aspects such as women being economically empowered through investment and development activities across six gender vectors: pay equity, workforce participation, benefits & professional development, leadership & governance, workplace environment and women-powered value chains.

MCP Impact Highlights

Mediterrania Capital Partners - Lasting socioeconomic impact through responsible investments

Watch our explainer video on our impact highlights.
https://www.youtube.com/watch?v=Ca2DCjMm59s&t=20s

PRINCIPLE 4 –

Assess the expected impact of each investment, based on a systemic approach

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions:

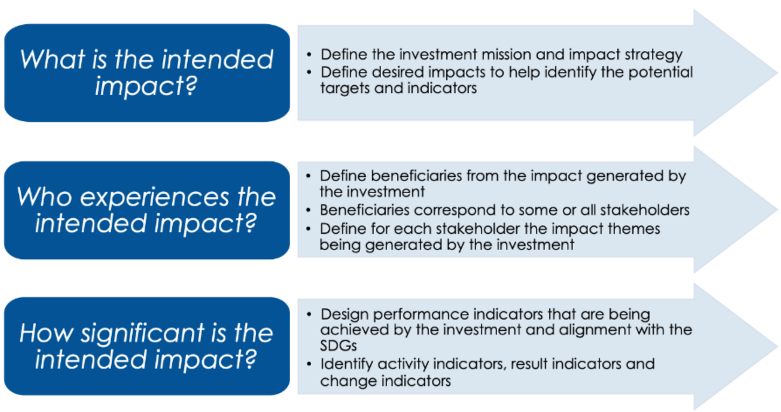
(1) What is the intended impact?
(2) Who experiences the intended impact?
(3) How significant is the intended impact?

The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

Assessing the impact of each investment forms the basis of the impact measurement process. We operate a clearly defined, systematic process to assess and quantify the expected positive impact of investments, incorporating our cross-impact sectors, standardised metrics (e.g., IRIS+,2X Challenge criteria, SDGs, etc.) and standardised sustainability reporting (e.g., SASB, and the Impact Management Approach).

This assessment incorporates assessment of the fundamental questions:



For companies invested before the release of our Theory of Change in 2023, the score is based on the contribution to identified SDG targets and impact themes. For investments made post this release, it includes preparation of a specific impact thesis for each prospective investment showing alignment with our Theory of Change.

From 2022, all companies are also assessed against 2X Challenge criteria, and we endeavour to make our best efforts to align each of our investees with at least one 2X Challenge criteria.

Our reporting indicators on which investments must report are as follows:

- Common indicators: a list of core impact indicators applicable to all investments. These are derived from the IRIS+ catalogue of metrics, a baseline for impact investors.

- Sector-specific indicators: investments also must report on indicators specific to the sectors in which they operate.

- Additional indicators specific to each investment: additional indicators specific to each investment and related to the company's business model are also defined and tracked.

Principle 5 –

Assess, address, monitor and manage potential negative impacts of each investment

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

Mediterrania Capital Partners has developed and adopted an ESG Policy, last updated in September 2022[3], that defines our commitment to sustainable development and responsible business practices.

Our policy requires us to comply with all applicable host-country laws and regulations as well as the relevant international obligations regarding all investments. We have developed it in accordance with internationally and nationally accepted ESG principles, standards and guidelines, referred to as the "Reference Framework".

The Reference Framework is made up of the following standards:

- IFC Performance Standards
- World Bank Group EHS Guidelines
- The Equator Principles
- The ILO conventions covering core labour standards and the basic terms and conditions of employment
- United Nations Guiding Principles on Business and Human Rights
- Applicable international treaties and protocols
- Applicable local, national and international environmental and social (including health & safety) laws and regulations of the country in which the portfolio company is located

In support of our policy, Mediterrania Capital Partners' Environmental and Social Management System includes guidance and procedures for implementation.

During our initial screening, we review each target company's activities against the Exclusion List, which prohibits investment in particularly high-risk sectors and contexts. We conduct an initial reputational risk assessment and categorise the E&S risks at the pre-

[3] See https://www.mcapitalp.com/operating-principles/

screening stage, as well as conducting preliminary know-your-customer (KYC) reviews and considering the risks related to sanctions lists and financial crime.

Mediterrania Capital Partners requires all investments with potential medium or high inherent environmental and social risks and adverse impacts to achieve compliance with international standards on environmental and social management and performance over a reasonable period.

We focus on the key ESG impacts, benefits, risks and opportunities relevant for each investment. The higher the risks are, the more stringent the requirements of our Action Plan become. We provide support to the portfolio in meeting the requirements of the Action Plan and monitors compliance through regular communications and monitoring visits. All portfolio agreements include a legal undertaking to ensure compliance with ESG requirements, including the Action Plan.

The Sustainability team at Mediterrania Capital Partners has increased from one part-time member to two members in the past four years, one of whom is full-time. A recruitment of an additional full-time resource is undergoing.

Mediterrania Capital Partners is a signatory to the UN-backed Principles for Responsible Investment (PRI). In 2020, the PRI assessed our adhesion to the PRI Principles and awarded us an A and B, for Private Equity and Governance, respectively, for the second consecutive year.

Principle 6 –

Monitor the progress of each investment in achieving impact against expectations and respond appropriately

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

ESG and Impact data is collected from investees on a regular basis (quarterly and annually). The data is collated into the Quarterly Report and the Sustainability Report, which highlight the impact performance of the portfolio. Both reports are shared with investment teams and relevant external stakeholders and investors. The Sustainability Report states our achievements and provides an outlook on the key sustainability topics that we examined. It also provides an outlook on our sustainability targets.

For each investment, we produce an impact dashboard during the investment processing, and this dashboard is agreed upon with the portfolio management. This dashboard includes financial, human resources and E&S aspects as well as investment-specific information (for example, the number of beds and bed turnover and occupancy ratios for a healthcare company, or the gross loan portfolio for a FI) that is collected annually by the Sustainability team.

Every quarter, each investment is discussed in the portfolio review meeting to track progress against set targets: financial, environmental, social and impact. If any major deviations are detected, the Sustainability team clarifies the reasons and takes action when applicable.

Each investee completes a self-rating questionnaire once a year, and this is used to compare results and complete the annual Sustainability report.

Principle 7 –

Conduct exits considering the effect on sustained impact

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

Mediterrania Capital Partners recognizes that the exit phase is not the end of its responsibility. In fact, it's a pivotal moment in the journey of sustained impact.

When considering exit options, we take a careful, measured approach to ensure that the legacy of our investments endures. This approach reflects our commitment to the principles of sustained impact.

Considering ESG and impact performance being a pivotal gauge of a company's well-being, value, and long-term impact, effectively conveying a track record of successful ESG and impact management takes on paramount importance. This not only positions the company advantageously in the sales process but also serves as a compelling testament to the profound and lasting value embedded in each investment.

Thorough the holding period, Mediterrania Capital Partners works with investee companies to embed and integrate ESG practices and impact delivery. These elements become part of the business that is considered by prospective buyers at Exit.

The Mediterrania Capital Partners process doesn't merely exit investments to the highest bidder. It comprises concrete steps for selecting a responsible buyer. This includes an exit checklist to gain insights into the potential buyer's intentions regarding sustainability and determine the degree of alignment between their values and strategies and Mediterrania Capital Partners' sustainability goals. The exit checklist is referred by the investment team, discussed at the Exit Committee and signed off by the Sustainability team.

Mediterrania Capital Partners prepares Exit Memorandums as part of its routine exit documentation to review lessons learnt and key achievements, including impact and sustainability performance.

Principle 8 –

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

Monitoring the impact of our investments is a fundamental part of our investment process to establish that we are acting consistently with our investment policies, processes and agreed fund terms regarding ESG management.

Our Sustainability team tracks the impact performance of each investment on an annual basis. This is captured in the impact scorecards held for each investment. The review occurs annually through the holding period and at exit.

Quarterly review meetings are held with the portfolio's management to discuss key initiatives, responsibilities, action plan status, potential delays, and remedies. This is also reviewed during the quarterly portfolio review meetings with the investment team. This is a critical step in updating the firm on impact progress, capitalising on lessons learned and mitigating risks.

As we continue our impact journey, we will consistently review our system to strengthen its ability to indicate our impact in a more consistent and structured manner at every stage of the investment cycle.

In line with Principle 9, Mediterrania Capital Partners is undertaking an external verification of its practice and procedures against the Impact Principles using Better Way consultants. The results of the verification process are planned to feed into the ongoing review of the scorecard system in supporting the achievement of positive impact outcomes.

Principle 9 –

Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This Disclosure Statement affirms that our procedures are aligned with the Impact Principles and will be updated annually on or before the anniversary of the effective date of our Letter.

Mediterrania Capital Partners is completing the first independent verification in 2023, aligning with the requirement for an external verification of the Impact Principles. This verification will be repeated at least every three years.

Mediterrania Capital Partners

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